

Moreover, the check imposed upon our banking community by the need for an appeal to the Treasury before it can extend its note issue beyond a certain point often acts with a salutary effect, and the view has even been expressed that if that check were taken away from our system it might be difficult, if not impossible, to maintain the gold standard which has been of such enormous value in building up the prestige of London as a financial centre. I do not think there is much weight in this argument, since, under Sir Edward's plan, the note issue could only be increased against discounts, and the Bank, by the charge that it made for discounts, would still be able to control the situation. From the practical point of view of the present moment, a strong objection to the scheme is that it would open the door to fresh inflation by unrestricted credit-making just when the dangers of this process are beginning to dawn even on the minds of our rulers,